

## CALIFORNIA DISPROPORTIONATE SHARE REIMBURSEMENT PROGRAMS

These special reimbursement programs are aimed at making up the short fall for hospitals when care is provided to a patient who has little or no funds to cover the cost of care or who is a Medi-Cal (M/C) beneficiary. A hospital which provides a certain amount of uncompensated care is designated as a disproportionate share (DSH) hospital and may qualify for additional funds. The Department of Health Services (DHS) administers the following reimbursement programs that provide this additional funding for disproportionate care to low income and M/C beneficiaries.

**Acute Inpatient Disproportionate Share Hospital (DSH) (SB 855)** Hospitals qualify on an annual basis. Supplemental payment adjustments are made to qualifying inpatient acute care hospitals in addition to M/C payments for services rendered. To qualify, a hospital must have a M/C inpatient utilization rate of at least one standard deviation above the statewide mean or a low-income utilization rate in excess of 25 percent with at least a 1 percent M/C utilization rate. Payments are based on the hospital's peer group and low-income rate. Payments are funded by intergovernmental transfers (IGTs) from public entities and matching Federal Financial Participation (FFP); no State funds are involved. For the 1999-2000 payment year, the program budget was \$1.75 billion. There were 137 hospitals on the DSH List. Applicable *Welfare and Institutions (W&I) Code, Sec.14105.98 and Sec.14163 (Contact: David Whitsell (916) 657-0647)*

**Acute Hospital Outpatient Disproportionate Share (SB 1179)** DHS determines a disproportionate factor for each hospital's paid M/C outpatient services. For most hospitals, this factor is computed by dividing the sum of M/C gross outpatient revenue, county indigent gross outpatient revenue, and outpatient charity deductions from revenue, by total gross outpatient revenue. Hospitals must exceed the statewide mean to qualify. The supplemental payment for each qualifying hospital is in proportion to the hospital's disproportionate factor. In 1999, 179 hospitals qualified for the program. Funding is State General Fund and matching FFP; the annual program cap is \$10 million. *W&I Code, Sec. 14105.97 (Contact: Tom Winter (916) 657-0125)*

**Emergency Services and Supplemental Payment Fund (SB 1255)** Supplemental payments are made to qualifying hospitals based on negotiations between the hospital and the California Medical Assistance Commission (CMAC). Qualifying hospitals must be DSH-qualified, contracting under the Selective Provider Contracting Program to provide M/C services, and licensed to provide emergency services on site. Children's hospitals, however, can maintain emergency services in conjunction with other hospitals. Hospitals who provide emergency services must demonstrate a need for extra funding to cover the costs of these services. CMAC determines the award levels and DHS administers and distributes the funds. There is no ceiling on the individual payments. For fiscal year (FY) 1999-2000, 87 hospitals were eligible but only 68 received payments, which totaled \$1.2 billion. Funding is through IGTs and matching FFP. *W&I Code, Sec.14085.6 (Contact: Telephone: (916) 323-0093; FAX: (916) 323-0006)*

**Construction and Renovation Reimbursement Program (SB 1732)** Hospitals must qualify on an annual basis. This program reimburses qualifying hospitals for a portion of their debt service on revenue bonds issued to fund hospital construction/renovations. To qualify, hospitals must have been on the DSH list for the three most recent years, be a M/C contract hospital, and have submitted final construction plans to the Office of Statewide Health Planning and Development between 9/1/88 and 6/30/94. Each hospital's supplemental reimbursement reflects their annual debt on the bond multiplied by the ratio of their paid M/C days to total patient days. This is calculated annually and is ongoing through the life of the bond as long as the hospital qualifies. For FY 1999-2000, 27 hospitals qualified, but only 15 received payments, which totaled \$94.9 million. Funding is State General Fund and matching FFP. *W&I Code, Sec. 14085.5 (Contact: Telephone: (916) 323-0093; FAX (916) 323-0006)*

**Graduate Medical Education (GME) (SB 391)** Two funds, the Medi-Cal Medical Education Supplemental Payment Fund and the Large Teaching Emphasis and Children's Hospital Medi-Cal Medical Education Supplemental Payment Fund, provide a portion of teaching costs associated with operating hospitals that serve eligible Medicaid recipients through M/Cs Selective Provider Contracting Program. Payments from these funds are negotiated between CMAC and the M/C contracting hospitals that meet the definition of a UC teaching hospital, as set forth in the DHS report entitled "Hospital Peer Grouping": a major (non-university) teaching hospital, a large teaching-emphasis hospital, or a children's hospital that is disproportionate share. In FY 1999-2000, there were 26 eligible hospitals, but only 20 received payments totaling \$158.7 million. This program is scheduled to sunset on January 1, 2002. *W&I Code Sec.14085.7&14085.8 (Contact: Telephone: (916) 323-0093; FAX: (916) 323-0006)*